

Kansai Nerolac Paints Limited

Corporate Presentation

November 2017

CORPORATE OVERVIEW

Kansai Nerolac Paints Ltd.

Parameter	
Ownership	Subsidiary of Kansai Paints, Japan
Founded	1920
Market Position	One of India's largest Paint company
	Leader in Industrial Paints
Turnover (FY17 - standalone)	Rs. 49360 Mn.
PBT (FY17 - standalone)	Rs. 7590 Mn.
Market Cap (31 st March 2017)	Rs. 203680 Mn.
2017 Plimsoll Analysis*	Ranked Globally 49 th by sales revenue
	Ranked Globally 19 th most profitable

* - world's 1129 largest Paint & Coating Manufacturing Companies

Company Vision

To leverage global technology, for serving our customers with superior coating systems built on innovative and superior products and world class solutions, to strengthen our leadership in Industrial coatings and propel for leadership in Architectural coatings, all to the delight of our stakeholders.

Company Core Values

Response

- Committed to provide the best services to customer driven by quick turnaround time, attitude and high customer orientation

Innovation

- Constant Endeavor to drive innovative approach through out the organization

Team Orientation

- Open and lateral channels of communication within teams and between cross-functional teams to encourage ideas and information

Entrepreneurial

- Drives the originality of thinking, practicality of execution and the responsibility to see your idea through

Speed

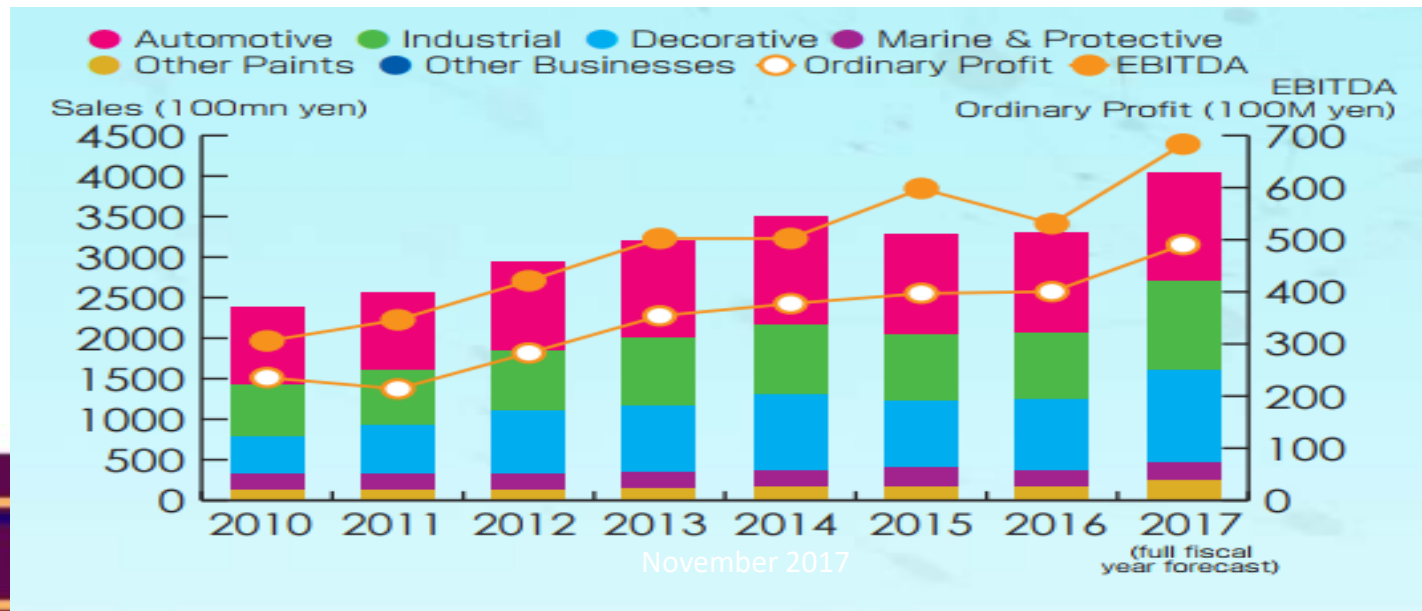
- Focus on Response in hours and with a concrete deadline. Combination of speed, flexibility, dynamism in a stable frame to provide agility to the organization

Strong Legacy 97 Years History

Year	Key Milestone
1920	Started as Gahagan Paints and Varnish Co. Ltd
1957	Changed name to Goodlass Nerolac Paints Ltd.
1976	Became Part of TATA group
1986	Acquisition of stake by Kansai Paints, Japan
2000	Became subsidiary of Kansai Paints, Japan
2006	Change of name to Kansai Nerolac Paints Ltd.
2012	Acquisition in Nepal
2017	Commencement of operations in Sri Lanka

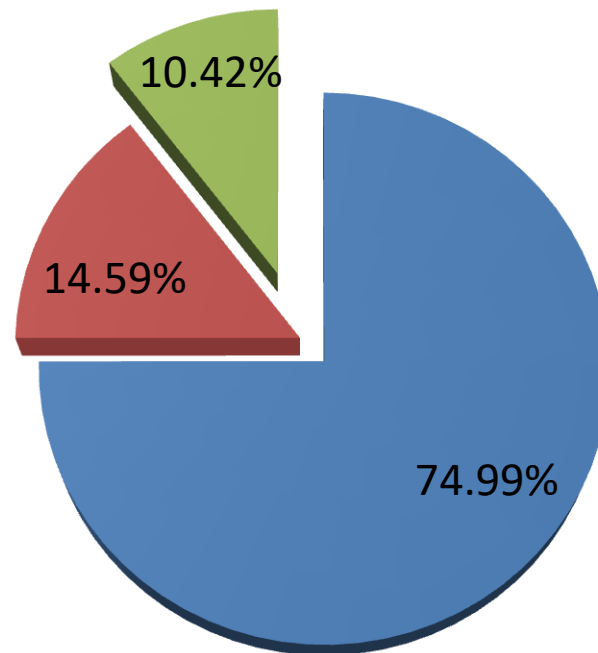
Kansai Paints, Japan

- Japan's largest paint company
- 9th largest Paint company globally
- Among top 5 global automotive paint companies
- Presence in 80 countries via 152 companies
- Gross sales over 3B USD



Shareholding Pattern (30th Sep, 17)

■ KPJ ■ Institutional ■ Non Institutional



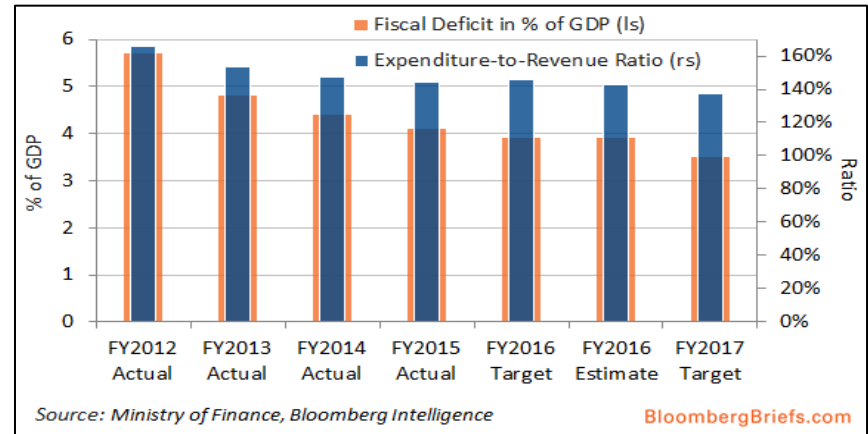
INDUSTRY OVERVIEW

Indian Economy

Political Stability
Fiscal Prudence

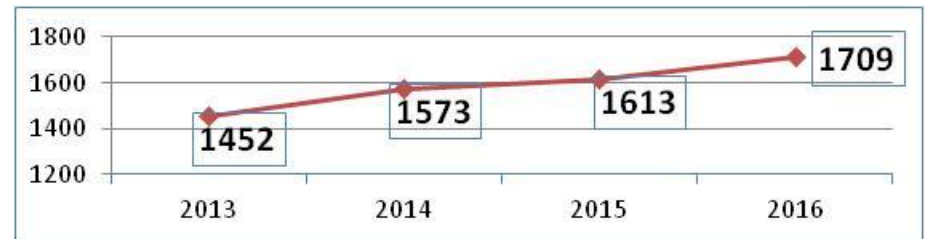
Series of reforms
Pro- Industry environment
Strong Governance

Increasing GDP
Increasing Per Capita Income



Ease of Doing Business Ranking			
2015	2016	2017	2018
142	130	130	100

*Source: World bank

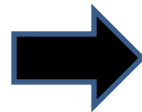


*Source: World bank (in USD)

Indian Paint Industry Facts

Parameter	Facts
Size	Rs. 430000 Million (approx)
Growth Rates	Double digit since 1991
Organized : Un-organized Market	78:22
Per Capita consumption	4 kg

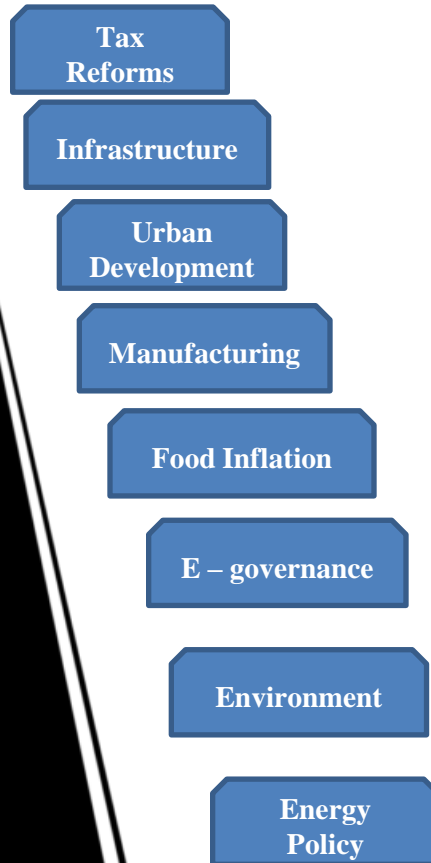
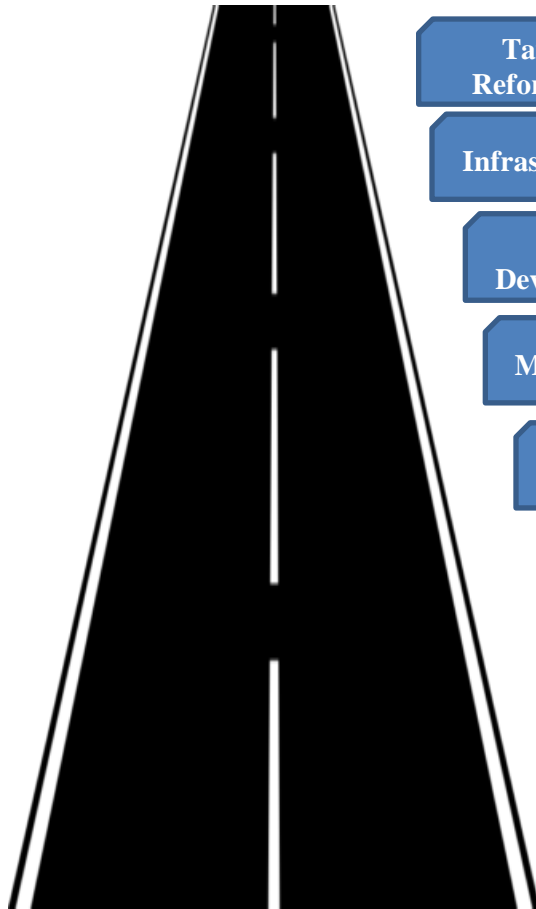
Future Growth Drivers



Favorable demographics
Rapid urbanization
Make in India
Affordable Housing

Government Programs – Impact on Coatings & Chemical Industry

GDP Growth
>7%



▪ Implementation of GST, Labour Reforms, REITs and InvITs



▪ Low Cost Airports, Diamond Quadrilateral, Sagar Mala Project



▪ 100 Smart Cities, Upgraded Infrastructure, Metro Projects



▪ 100% FDI in Defense, Freight and Industrial Corridor



▪ Improve Supply, Incentivize food processing Industries, 100% FDI in Food Retail



▪ Single window Clearances, Digitization of Records, Wi-Fi Zones



▪ Water Conservation, Irrigation Projects, Rain Water Harvesting



▪ Augmented Capacity, Develop Solar & Nuclear Projects

Deco	Auto	Protective	Powder	Wood
Green	Green	Green	Green	Green
Green	White	Green	Green	Green
Green	White	Green	Green	Green
White	Green	Green	White	White
Green	Green	Green	Green	Green
White	White	White	Green	Green
White	White	Green	White	White
White	White	Green	White	White

KANSAI NEROLAC PAINTS LTD



General Industrial Coatings



Powder Coatings



High performance Coatings



Decorative Coatings



Emerging Segment
(Cons. Chemicals /
Floor Coating)

Automotive Coatings



Auto Refinish (ARF)
Coatings



Decorative Coatings

Exterior



Economy



Popular



Premium



Super Premium

Interior



Economy



Popular



Premium

Decorative Range: Enamels, Distemper, Emulsions, Primers, Putty, Wood finishes

Automotive Coatings



Automotive : Leadership with Full system (Primer+ Top Coat + Clear Coat, including plastic paints)

General Industrial Coatings



Sewing Machine



Drums & Barrel



Gas Cylinder



Helmet Coating



Security Equipment



Zip



Electrical Equipments



Agricultural Equipment



Generator Sets



Pre Engineering Building

General Industrial : Market leader with wide range to cater to a variety of Industries

High Performance Coatings



Petroleum / Petrochemical



Metal Industries



Fertilizer Industries



Infra



Cement Industry



Railways

High Protective Coatings: Wide range to tackle corrosion protection

Powder Coatings



Light Fixtures



Electrical Equipments



Fans



Auto Ancillary



Refrigerators



Washing Machine



Air Conditioner



Microwaves

Powder Coatings: Leadership through a variety of products

Selective List of Customers



Automotive Coatings

And many more...

Selective List of Customers



General Industrial Coating



High Performance Coating



Powder Coating

And many more...

International

Nepal

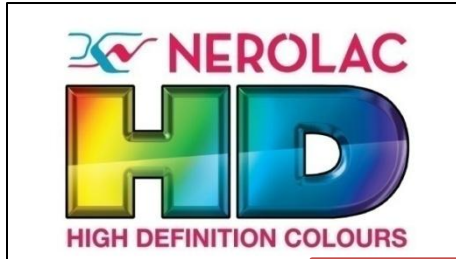
- Operations Started in 2012
- Fastest growing company
- 3rd biggest player in Nepal

Amt Rs NPR Mn	On Acquisition	March 2017
Turnover	250.0	921.0
PBT	(10.0)	112.0

Sri Lanka

- Operations Started in 2017
- Tie-up with one of the largest conglomerates in Lanka

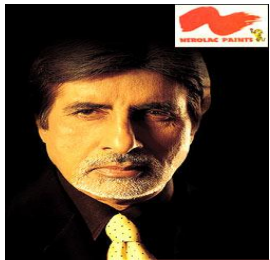
Known for Innovation - Branding



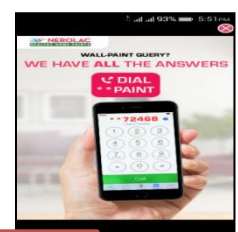
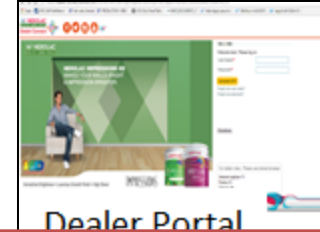
Products



Pioneering concepts (Lead free, Low VOC, Healthy Home Paints)



Celebrity Endorsement



Use of Social, Digital & Mobile



Use of Sports for Endorsement



Modern Retail

Known for Innovation - Technology

Technology from
Kansai Paints Japan
Technical Collaboration with
Oshima Kogyo Co. Ltd, Japan
Cashew Co. Ltd, Japan
Protech Chemicals Ltd, Canada

Collaborations

In – House R&D
R&D Spend – Rs 29 Cr (0.6% of
Sales)
Number of R&D Personnel -
171

R&D Prowess

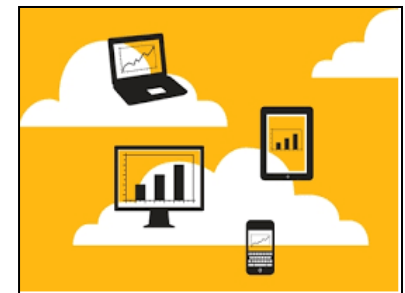
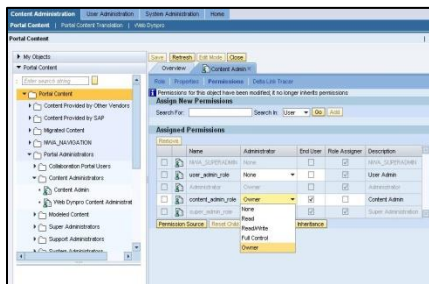
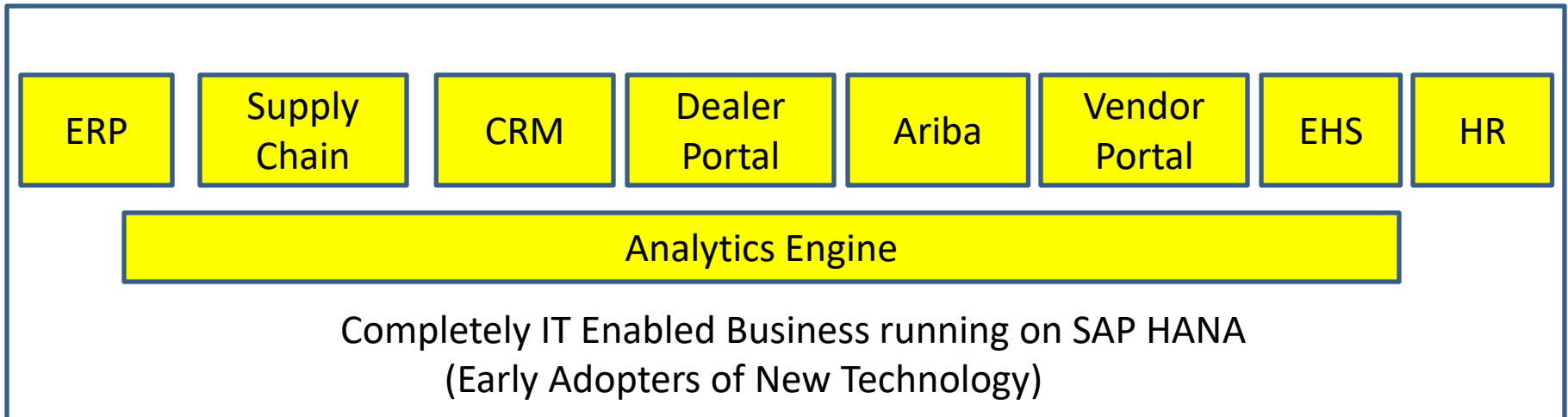
Innovative products
3C-1B Paints
Medium Solid Paints
Acrylic CED
Mar Resistant Clear
Multi metal Primer
Low bake & Fine film powders

Technology Innovations

Innovative Products
Eco Clean (zero smell and VOC)
Little Master (economical emulsion
Anti-Dust fan coating
Self Leveling floor coating
Nerotuff Powder

Technology Innovations

Known for Innovation - IT



Manufacturing Facilities

British Safety Award
ZERO liquid Discharge
OHSAS 18001
ISO 14001

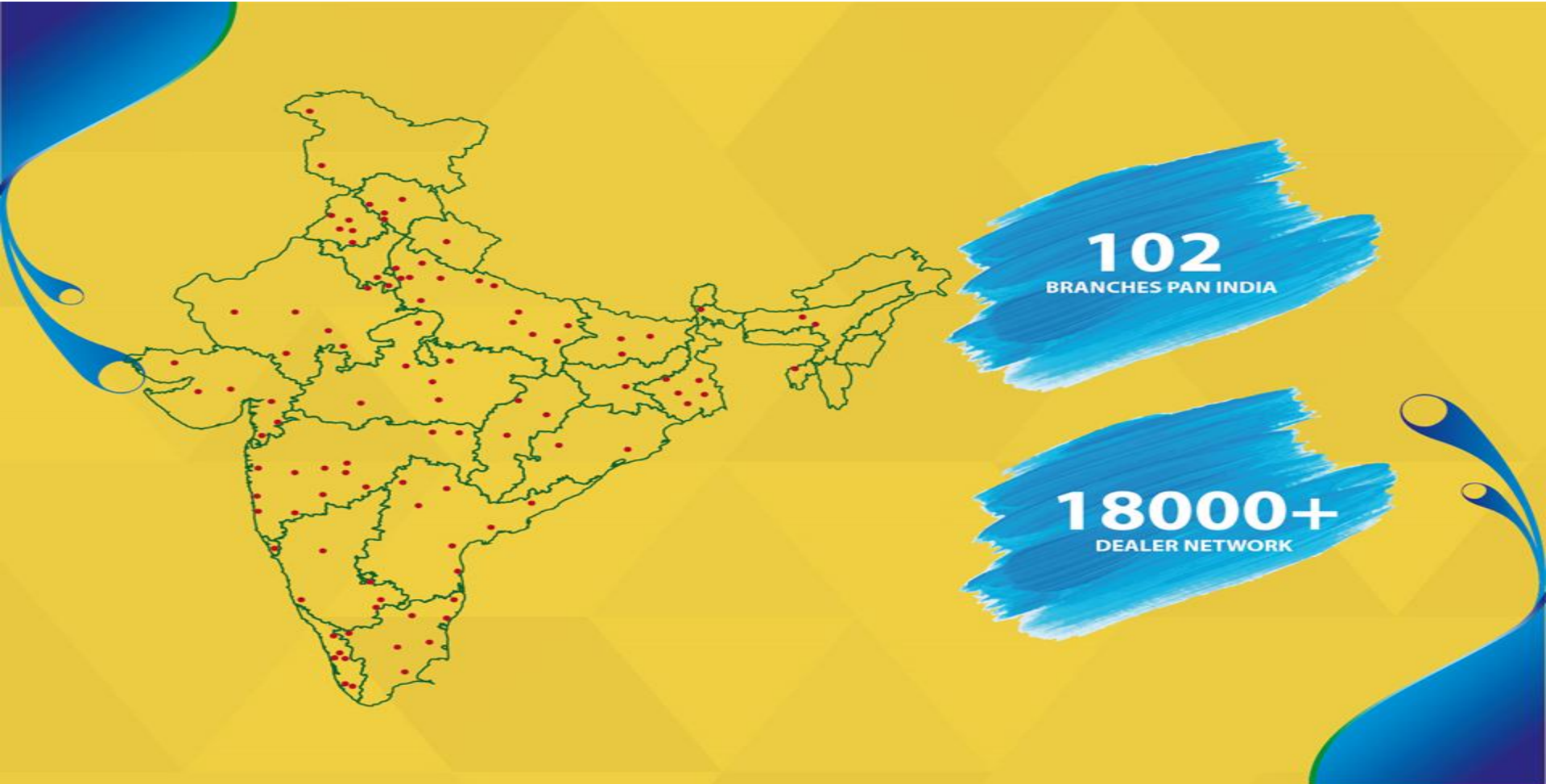
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- 4 strategically located plants**
(Jainpur-UP, Bawal-Haryana, Hosur-TN , Lotte-Maharashtra)
- 3 upcoming plants**
(Punjab, Gujarat, Andhra Pradesh)

Capacity

	Year	Addition Planned in KL/MT	Annual Capacity in KL/MT
Existing	2016-17		3,64,000
Planned Addition	2017-18	67,000	431,000
	2018-19	36,000	467,000
	2019-20		467,000
	2020-21	60,000	527,000

3 Green field Projects in Pipeline

Distribution reach



Environmental Initiatives

Publishing Report since 2005.
Sustainability report as per GRI
guidelines since 2012

Implemented SAP EHS in 2011

Water and Carbon Foot print
tracking

Zero Liquid discharge at all
manufacturing facilities

Products meeting VOC regulation
Reduction in Co2 emissions
Green Program with vendors

People Initiatives

Young Vibrant organization with average age of organization 35

Professionally run & managed

Core Values & Competency Framework defined

Transparent Performance Management System



Our CSR Activities



Strength of the Nerolac brand

BRAND EQUITY

Where Do They Stand?

TRUST BY CATEGORY: HOW BRANDS STACK UP IN THEIR RESPECTIVE TERRITORIES

Airlines

- 1 Air India
- 2 Jet Airways
- 3 Indigo Airlines
- 4 Spicejet
- 5 GoAir



Recently discovered photos from Air India's bygone Flying Palace era in the 1970s show an actual bar in the top deck and walls decorated with images from Indian mythology and history. A far cry from the rather functional planes of today.

Apparel

- 1 Raymond
- 2 Lee

Raymond began life in 1925 as a woolen blankets manufacturer. In 1992, Nexus Equity created 'The Complete Man' not in the Errol Flynn

Consumer Durables

- 1 Samsung
- 2 Sony
- 3 LG
- 4 Usha
- 5 Philips
- 6 Whirlpool
- 7 Godrej Appliances
- 8 Videocon

The Samsung Group is rumored to be responsible for roughly 20% of South Korea's GDP.

Another Korean warhorse where LG stands for Lucky Goldstar that eventually became synonymous with the tagline 'Life Is Good.'

Paints

- 1 Asian Paints
- 2 Nerolac Paints
- 3 Berger Paints
- 4 Dulux Paints

In 1954, RK Lakman created one of India's most iconic brand mascots. But the company still needed a name for him. In an early crowdsourced campaign, they ran a 'Give Me A Name' contest, with ₹500 as the prize. They received 47,000 entries. The winning entry was the name 'Gattu'.



OTC

Edible Oils (Refined)

- 1 Saffola
- 2 Fortune
- 3 Sundrop
- 4 Ruchi Gold
- 5 Gemini

While it heads the leaderboard on oil, it's also a poster child for life beyond oil, having extended to oats and muesli.



Footwear

- 1 Bata

King Khan's long dalliance with endorse

One of India's most trusted Brand

Few Important Awards

Best Managed Company – Business Today
-2005

Golden Peacock – Corporate Governance
-2006

Institute of Company Secretaries – Corporate
Governance -2008

Corporate

Best Vendor Award for Cost – Toyota -2016

Best Supplier Award – Toyota -2017

Best vendor Award – Maruti Suzuki -2016

Best Vendor Award – HMSI -2015

Best Vendor Award – Suzuki -2017

Customer

Trusted Brand Gold Award – Readers
Digest

Product of the Year Award – World's
largest Independent Survey - (2008 - 2012)

Brand

Best Media Innovation – Emvies 2007
(4 Awards)

Bronze at Cannes -2008

Silver Trophy Best Ad – AAI -2006

Design Award for Ambient Media Category –
Kyoorious Design Awards -2015

Best CMO – Pitch CMO Summit 2017

Marketing

Few Important Awards

Asian Manufacturing Excellence Award – Frost & Sullivan -2010

Certificate of Merit - Lote (Zero Accident Frequency) – National Safety Council Maharashtra (3 Years) -2012, 2014, 2017

Safety Systems Excellence Award – FICCI

Manufacturing

National Energy Conservation (Jainpur) – Ministry of Power GOI -2006

Environmental Excellence Gold Award – Lote Greentech Environment Excellence -2009

Environment Management Award – Golden Peacock -2010

Environment

Innovative product / service award – Golden Peacock -2010, 2011

Most proactive contribution through new development in Powders – Godrej -2010

Most Innovative Product of the Year Award

Nerolac Impressions HD – Consumer survey of product innovation – Nielson -2016

Product

Few Important Awards

ACE Awards – SAP -2012, 2014, 2016

SAP Award – INDUS -2014

Best APO Implementation – PC Quest -2008

Hall of Fame – CTO Forum -2008

Gold CIO of the Year – Data Quest Magazine
-2005

Best CTO in Manufacturing – CTO Forum
-2005

Information technology

Among the Top 50 CEOs – Entrepreneur
Magazine -2014

Best CEO in Chemicals Category – Business
Today -2017

Asia Pacific Entrepreneurship Award 2017 in
Chemicals and Plastics – Enterprise Asia

1st Non Japanese to be on the board of
Kansai Paints Japan

Leadership

CSR Report Gold Trophy – ABCI Award
-2007

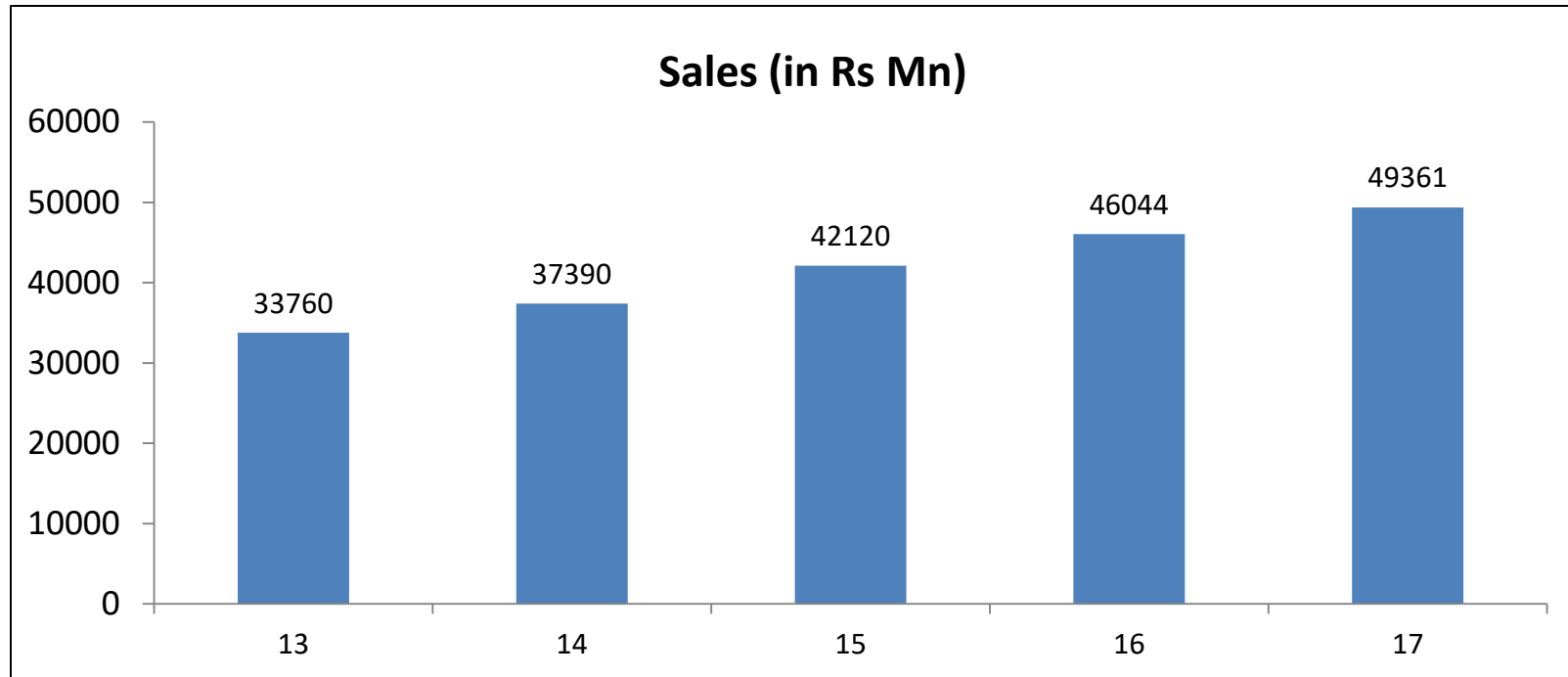
Karmayog 2008 Rating 4/5

Association of Business Communicators of
India – Gold -2009

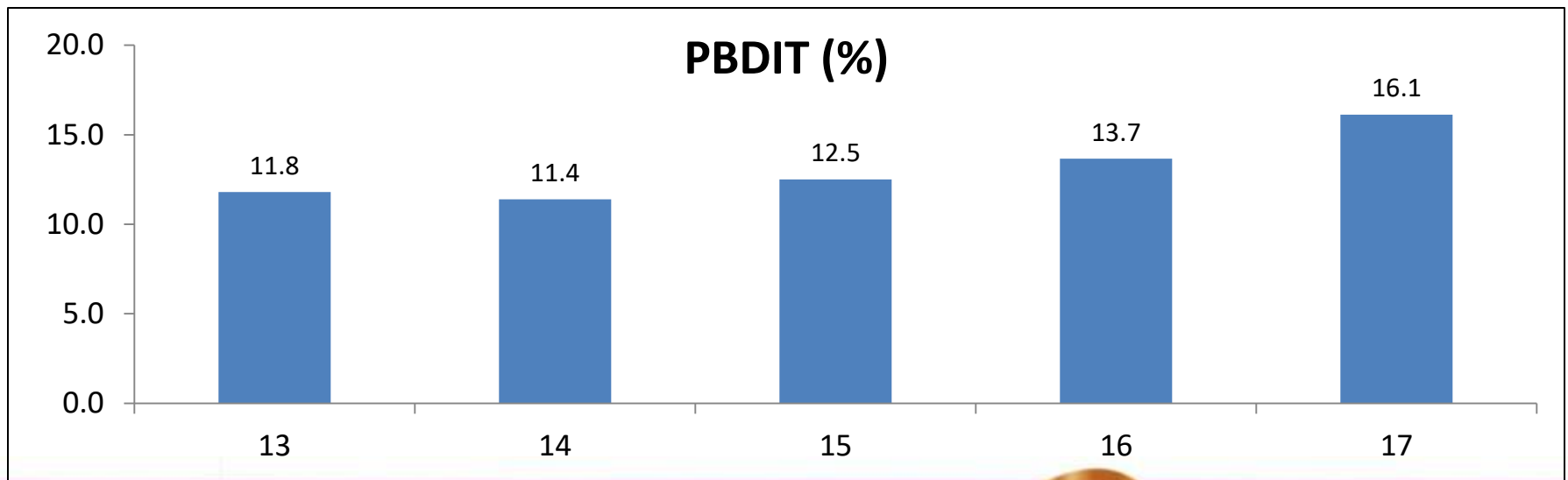
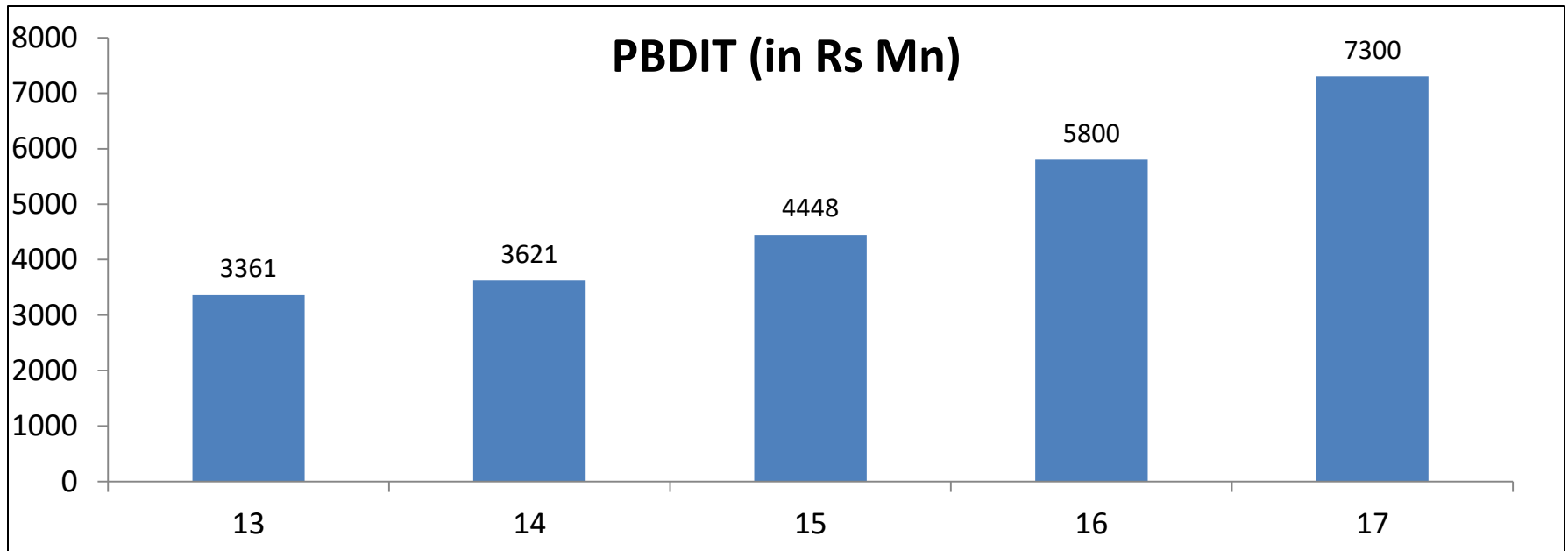
Reports

FINANCIALS

Financial Ratios

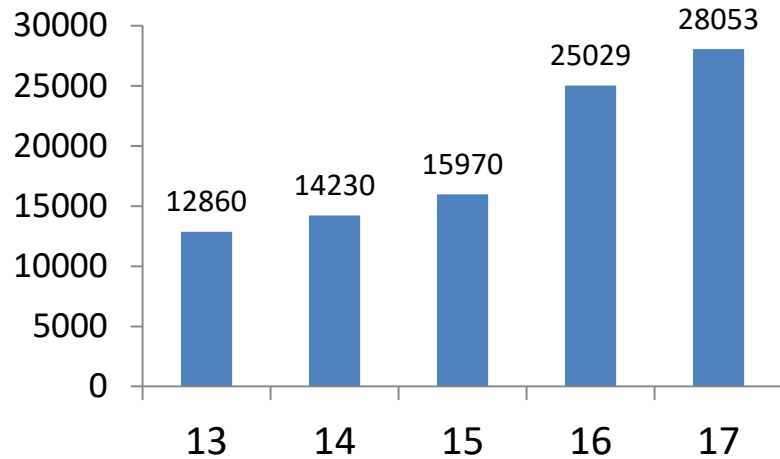


Financial Ratios

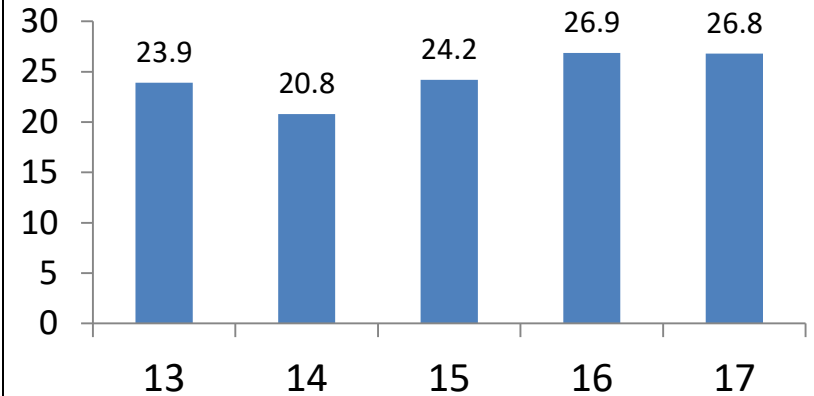


Financial Ratios

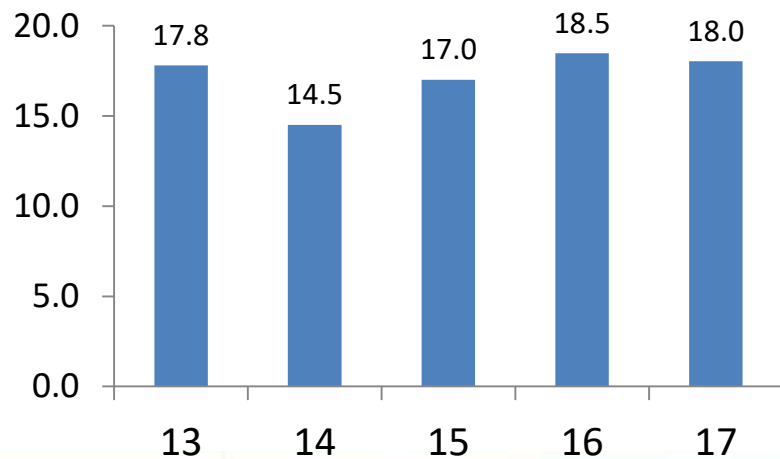
Shareholder Funds (in Rs Mn)



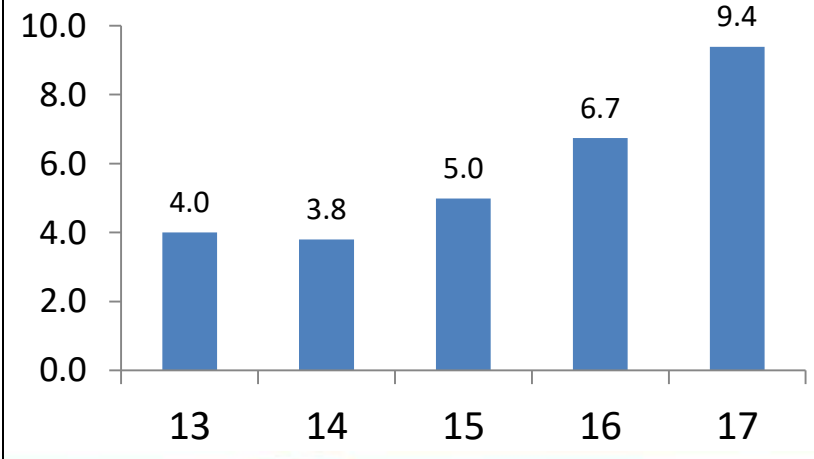
RETURN ON CAPITAL EMPLOYED (%)



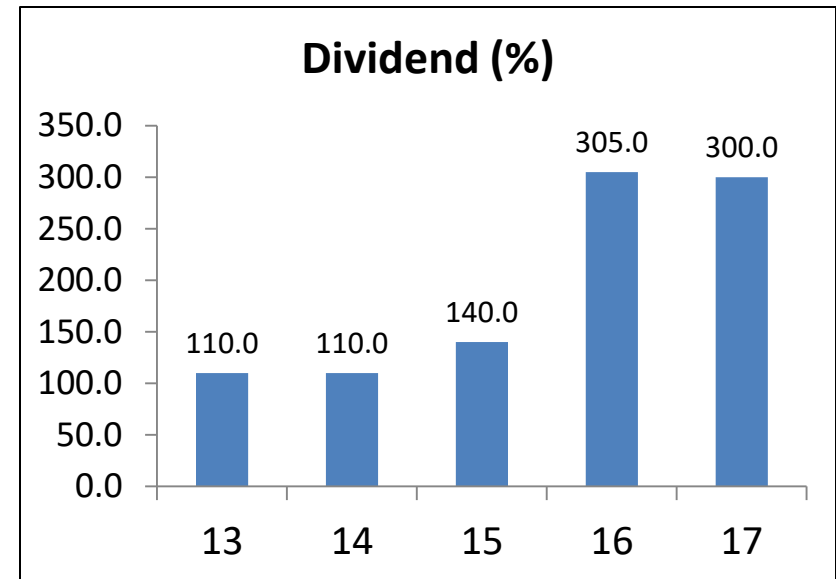
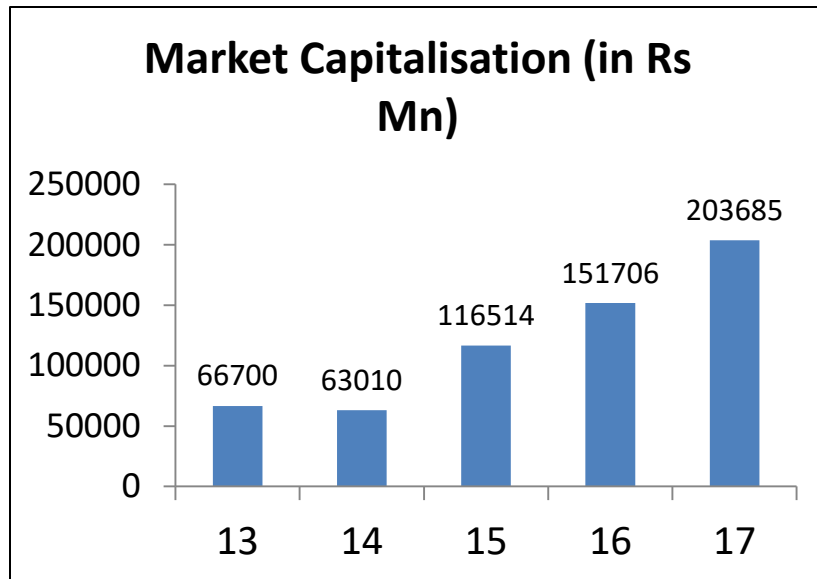
RETURN ON NET WORTH (%)



EARNINGS PER SHARE (EPS)



Financial Ratios



Snap Shot

	Year 2001	Year 2017	CAGR
Sales Rs. mn.	6830	49360	13.2
PBDIT Rs. mn.	480	7310	18.5
PBT Rs. mn.	330	7590	21.6
EPS Rs	0.44	9.39	21 times
Market Capitalization Rs Mn	1380	203680	147 times
Dealers Nos.	8000	18300	
CCD Penetration Nos.	1200	14000	
No. of Distribution Centers Nos.	60	102	

Thank You